

WHEAT AND THE WAR Olson

## Reserve

We are waging a war against international gangsterism. It's an all-out change in life for the duration. Agriculture, like industry, labor, and all other phases of our national economy, must ruthlessly reorganize its work and production. There must not be "farming as usual," any more than there can be business as usual.

Wheat production is no exception. Wheat growing must fit in with our Nation's war plan. This is no time to expand wheat production when many other farm crops are badly needed.

Wheat farmers are as patriotic and unselfish as any group in the country. They are anxious to learn what their part is going to be in our all-out effort. They know that wheat is a vital part of our diet; they should also know that too much wheat is undesirable.

We can regard with a certain amount of pride the reserves of wheat now on hand in the United States, but our job is only half done. We must provide for the orderly handling of these supplies and see that our grain handling facilities are not disrupted by an uncontrolled flood of wheat produced on acreage in excess of wheat allotments.

The war has made the wheat problem even more serious than it has been in the past. Aspects which were comparatively minor have taken on major importance. Last year the job of handling wheat, for example, was secondary. Today orderly production, marketing, and handling is paramount because so much depends upon the efficient use of our whole economy in the prosecution of this war. This means that machinery, human labor, storage facilities, transportation, and the host of other things that make up our agricultural production plant cannot be wasted or misused.

The wheat industry must be maintained in a healthy condition, keeping both soil and human resources in mind. Soil must be kept in a sound condition so that production can be obtained as needed, and human resources must be maintained through a fair return which assures continued production.

Definitely, quotas will help the wheat farmer do his job properly during wartime and assist in making his maximum patriotic contribution. Briefly, here's why:

1. Quotas provide for an organization of supplies so transportation systems will not be clogged.
2. They make possible more efficient use of storage facilities, now so valuable to the food program.
3. They aid in directing wise and efficient production rather than dissipating it on things that are not needed at present.
4. They help maintain a strong wheat structure for production of wheat as it is needed and at fair prices.
5. They help maintain soil resources for continuing production of wheat.

JUL 17 1945

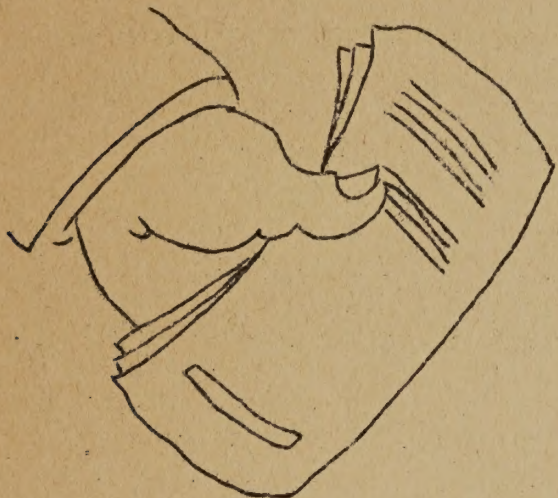
Chris 830



6. They help alleviate the situation caused by virtually complete lack of export outlets!
7. They help divide equally the responsibility for adjustment among all wheat farmers, cooperatively and democratically.

#### THE 1942 QUOTA LEAFLET

The need for wheat marketing quotas, especially during today's precarious war conditions, is pointed out in the 1942 wheat marketing quota leaflet. Copies will be made available for distribution to every wheat grower in the United States. When fully open, the leaflet is 12 x 18 inches in size. One side is illustrated so that it can be hung as a poster, dramatizing the huge wheat supply. The other contains a written message to farmers, summarizing the wheat-and-war situation. When folded, the leaflet is of official envelope size, and can be franked through the public mails.



For your advance information, here is the text of the written message contained in the leaflet:

"America's sleeves are rolled up. winning the war will be a big job. Factories no longer have time for peace-output of automobiles, lawn mowers, coat hangers, and hairpins. Neither do farmers have time to over produce things which aren't immediately needed.

"The job is to produce what's needed -- and to do it now!

"Wheat already fills the Nation's granaries. We have the biggest reserves on record. A big crop is coming up. Altogether, there is enough wheat in sight to feed America more than 2 years.

"We need to maintain our acreage allotments, keeping in mind the big supply and the shrunken market. At the same time, we need to produce more milk, eggs, vegetables, meats, fats and oils. These adjustments must be made. Today we have put the punch where it counts.

"VICTORY DEMANDS PLENTY -- BUT NOT WASTE!" Wheat farmers have done a fine job of building vital reserves. But if we overload our reserves in this critical period, we waste time, man power, machinery, and soil.

"Today's war is being fought on wheels, as well as on the water and in the air. We have to keep transportation rolling. A flood of wheat on the market can dangerously tie up our railroads.

"Storage space is crowded. The Food for Freedom Program calls for expansion of many other commodities. This is no time to jam facilities with more and still more wheat.



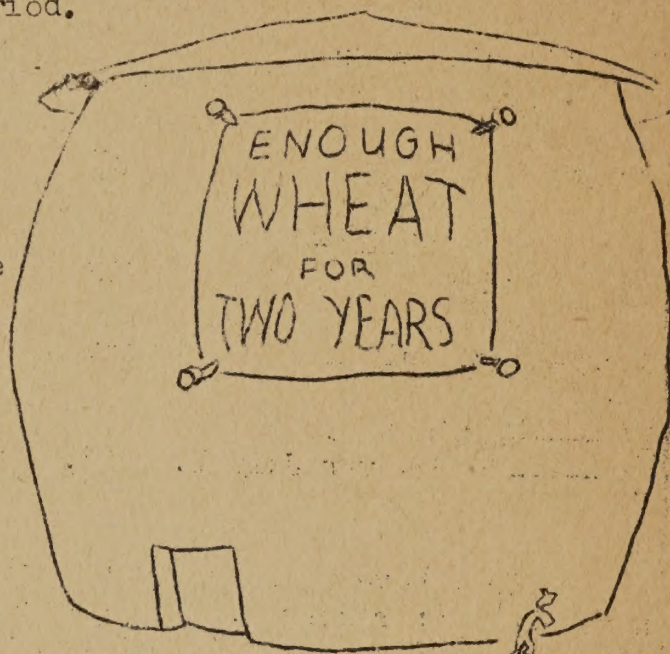
"The early thirties showed what happens to prices and to farmers when there is no organized action for handling large wheat supplies. Low prices and farm foreclosures went hand-in-hand. It can happen again. We dare not take chances.

"The wheat marketing quota referendum gives wheat farmers the opportunity to continue as masters of their own wheat production and reserves."

### THE WHEAT SITUATION

We have enough wheat on hand to take care of all conceivable domestic needs. In fact, our supply on July 1, 1942 will be large enough to take care of expected demands for a 2 year period.

United States farmers have never produced less than 500 million bushels of wheat in any year since 1890. Even during poorest crop years we produce almost as much as we can use domestically. In the extreme-drought years of the middle thirties our production was only about 150 million bushels less than our consumption. Our reserves of better than 600 million bushels would carry us through four such years if we should ever see them again. Forecasts for 1942 indicate that our wheat crop will exceed domestic consumption by nearly 150 million bushels - which will be added to our already tremendous reserve. This would result in an estimated carryover of 753 million bushels on July 1, 1943 a carry-over bigger than many annual harvests.



Export outlets of any quantity are not in sight; so, the possibility of whittling our reserve through foreign trade is extremely limited. Even with a sudden end to the war and a restoration of normal shipping - an unforeseen eventuality - our reserves are big enough to fill all likely demands until later crops.

SEP 26 1945



VITAL WHEAT STATISTICS

	<u>1940</u>	<u>1941</u>	<u>1942</u>
		(million bushels)	
Carry-over, July 1	282	385	630 <sup>1/</sup>
Production	815	946	793 <sup>1/</sup>
Total supply	1,097	1,331	1,423
Domestic disappearance	675	680 <sup>1/</sup>	670 <sup>1/</sup>
Exports	37	21	
Total utilization	712	701 <sup>1/</sup>	670 <sup>1/</sup>
Carry-over, July 1	385	630 <sup>1/</sup>	753 <sup>2/</sup>

<sup>1/</sup> -----Estimated.

<sup>2/</sup> -----Carry-over July 1, 1943, plus 1942 exports.

The above table shows the gigantic size of our wheat supply. We have abundant reserves. It is essential that they be kept under control. Otherwise, they could disrupt transportation and storage and leave our wheat producing structure in weakened position for the duration of the war and after,

Domestic wheat disappearance in this country in 1941-42 is estimated at about 680 million bushels, leaving 651 million bushels for carry-over and export in the 1941-42 marketing year. Quantity of exports is uncertain, but there is no indication of any large amount. The carry-over on July 1, 1942, will be about 250 million bushels above the large carry-over of 385 million bushels on July 1, 1941.

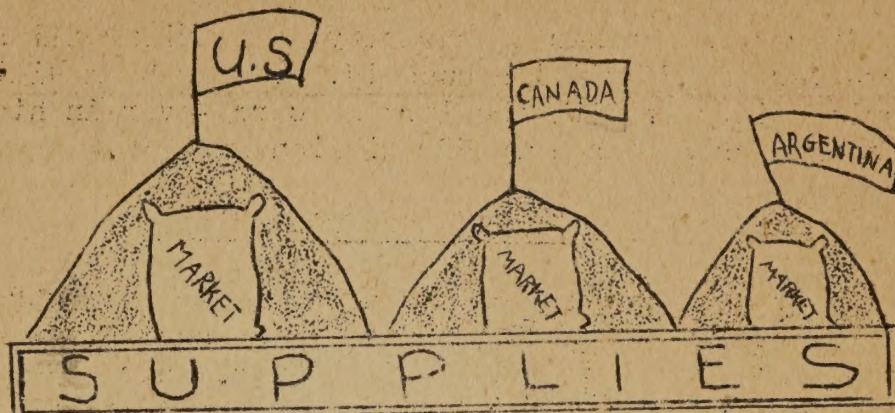
Production for 1942 is based on preliminary estimates of winter wheat production for 1942 of 631 million bushels plus 162 million bushels of spring wheat, assuming a 9 percent reduction in spring wheat acreage and average yield. This will be over 100 million bushels more than anticipated utilization, indicating reserves will be increased in 1942.



## WESTERN HEMISPHERE WHEAT SITUATION

Supplies of wheat in the other major wheat exporting Western Hemisphere countries of Argentina and Canada are as large as or even larger than our own.

Canada is whittling her reserves slightly but still expects a carry-over of 490 million bushels on July 1, 1942. It would take Canadians about 3 years to consume this wheat domestically. They are sending some to England. It appears, however, that they are in for a large carry-over the next few years. Argentina is in much the same position with supplies far exceeding indicated markets.

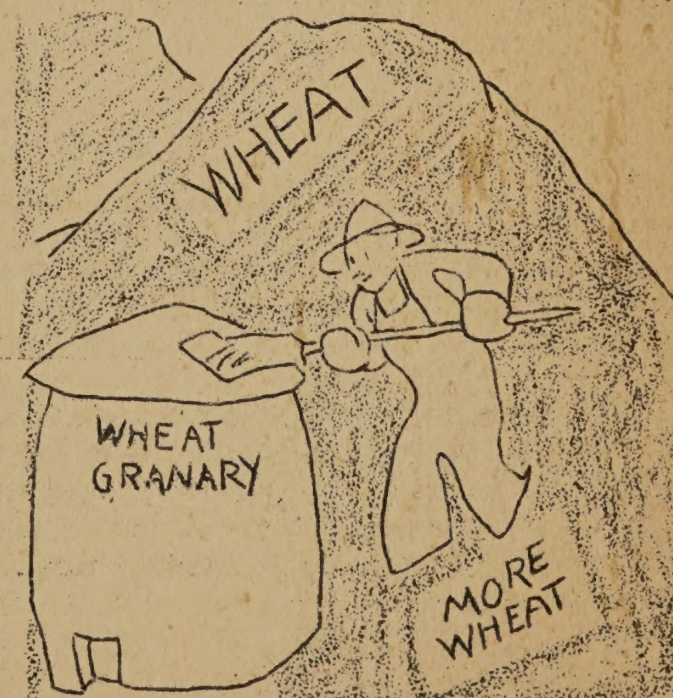


Over a billion bushels of wheat from American countries is available for export into the world market. Prospects for exportation at this time are slim.

### Wheat Storage Very Tight

Available space in which to store the 1942 wheat crop will be even more limited than in 1941. It is estimated that our carry-over of wheat on July 1, 1942, will be about 630 million bushels, which is nearly 250 million bushels, larger than the big carry-over on July 1, 1932. This means that storage will have to be expanded and stretched to the limit to absorb this year's crop of wheat. Limited building supplies will prevent the building of much additional terminal storage, but there is a possibility that farm storage can be expanded some.

Wheat stocks on farms on January 1, 1942, were 93 percent more than average. Supplies in county mills and elevators were 207 million bushels on the same date, as compared with the 1935-40 average of around 100 million bushels. Terminals were storing 270 million bushels of wheat on January 1 this year, which is 177 percent over the 1935-40 average.



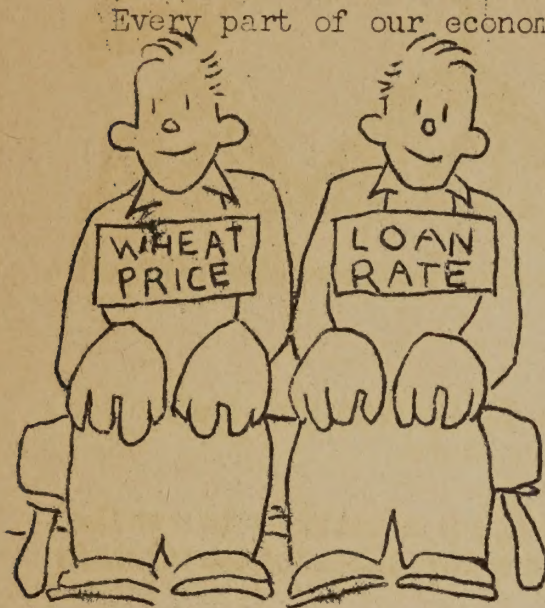
Merchant mill storage on January 1



was 24 percent over average.

Storage was taxed to capacity in handling a large 1941 crop and a carry-over of 385 million bushels. The problem will be much more difficult this year with the largest carry-over in history and indications of a crop of nearly 800 million bushels.

### Fair Wheat Price Vital



Every part of our economy needs to be in a strong position for the successful prosecution of the war. Fair wheat prices keep our wheat producing structure in that strong position which is so essential for the production of wheat as we need it. During this period of abnormal supply, wheat marketing quotas are essential to the maintenance of fair prices.

Domestic wheat prices have consistently followed loan prices during the last few years. Average prices received by farmers since 1938 are contrasted with loan rates as follows:

	1938	1939	1940	1941 <sup>1/</sup>
Price received by farmers (cents)	56.1	69.2	68.2	95.6 <sup>1/</sup>
Average loan rate (cents)	53	63	65.5	98 <sup>2/</sup>

<sup>1/</sup> Preliminary estimate, first 6 mo. of marketing year (Feb. 15, 1942. farm price about \$1.05)

<sup>2/</sup> Preliminary estimate, as of beginning of marketing year.

### Supply and Price Comparisons

Supplies exert a strong influence on price determination. Prior to the wheat program, huge supplies always meant low prices. Through quotas, loans, and allotments, however, farmers have been able to build adequate reserves for the Nation and at the same time to strengthen prices for the continuation of a sound agriculture. Quotas play a dominant part in the fair wheat prices farmers are now enjoying.

Supplies and prices since 1930 are compared below. Best comparison is between years 1931, '32, '39, '40, and '41. Interesting also is the relationship between prices and supplies in years of less wheat, 1934, '35, '36, and '37. Wheat supplies need to be maintained at a high point during today's



period of emergency; yet the farmer should not be made to suffer for doing his job too well.

---

	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
Price (cents per bushel)	67.1	39	38.2	74.4	84.8	83.2	102.6	96.3	56.1	69.2	68.2	95.6	?
Supply (million bushels)	1,176	1,255	1,132	930	816	808	803	959	1,085	1,004	1,097	1,331	1,423

---

#### U. S. Wheat Prices Above Other Countries

As a result of marketing quotas, United States wheat growers have received considerably more for their wheat than producers in other major wheat exporting countries of the world. The wheat situation of Canada, Australia, and Argentina briefly is as follows:

CANADA.--The Canadian Government, through its Wheat Board, has for several years guaranteed wheat growers a minimum price. Last year a price of 70 cents (Canadian) was guaranteed. Indications are that the minimum price on the 1942 crop will be 90 cents (81 cents, U.S.) on the basis of No. 1 Northern wheat delivered instore. Ft. William or Port Arthur. Farmers may also qualify for a bonus by diverting former wheat acreage to summer fallow and to coarse grains. As a result of British purchases, Canada has been able to maintain near-normal wheat exports. Farmers will be permitted to deliver 280 million bushels of wheat to market this year, an increase of 50 million bushels over last year when drought markedly reduced the crop. Even without the new crop, however, a carry-over of old wheat sufficient to supply 1942-43 requirements for all purposes is expected.

AUSTRALIA.--On Australia's 1941-42 wheat crop, harvested last December, the Australian Wheat Board guaranteed farmers a price equivalent to about 56 cents a bushel for bagged wheat, port of export f.o.b. Australia has achieved a considerable degree of production control by making the guaranteed price available only on a predetermined amount of wheat. Even so, the country's surplus at the end of the present season will probably be around 150 million bushels.

ARGENTINA.--Argentina, like the United States, has been seriously affected by loss of export outlets for wheat, and its present surplus is the second largest on record. On the 1941-42 crop, which was harvested in December and January, the Argentine Grain Board paid farmers a fixed price equivalent to about 55 cents per bushel, for port of export. This Board has a complete monopoly of the trade in wheat--both purchases and



sales. The Board has legal authority to demand of growers a 10-percent decrease in seedings but has never done so and pays the fixed minimum price on all wheat offered to it.

This may be contrasted with the loan program in the United States which supports No. 2 Hard Winter at Kansas City at \$1.10 and at Chicago at \$1.15; No. 2 Red Winter at St. Louis and Chicago at \$1.15, and No. 1 Soft White at Portland at \$1.05. Average loan price to farmers during the 1941-42 marketing year is 98 cents per bushel. Legislation requires loans to be at 85 percent of parity if quotas have not been voted down. Higher parity in 1942 means higher loan rates.

#### Wheat Exports Limited

Indications are that exports of wheat from the United States will be extremely limited for at least several months. Exports of 1937, beginning with July 1, totaled 103 million bushels; exports of 1938 totaled 109 million bushels; 1939, 48 million bushels, and 1940, 37 million bushels. Preliminary estimates for 1941 indicate that the amount is apt to be less than 1940. These decreases indicate how greatly a combination of factors have taken their toll, including greater home production, embargoes, and loss of shipping. There is no indication of wheat shortages in any of the major wheat producing countries.

#### Wheat Utilization

The percentage of wheat marketed in this country indicates that, in all areas of the United States, farmers producing wheat have a vital interest in the market price of the grain.

Nearly 80 percent of the wheat produced in the United States enters channels of trade. Of the remaining 20 percent, less than 13 percent is fed by producers; the remaining amount is used for seed and ground into flour for home use.



WHEAT MARKETINGS AND WHEAT FED TO LIVESTOCK COMPARED FOR YEAR 1940  
(B. A. E.)

State	Production (1,000 bushels)	Fed to livestock On farms where produced		Marketed	
		(1,000 bushels)	(Percent of Production)	(1,000 bushels)	(Percent of Production)
Me.	88	26	29.51	50	56.8
N. Y.	7,996	2,399	30.0	4,923	61.6
N. J.	1,316	619	47.0	582	44.2
Pa.	18,789	6,388	34.0	10,016	53.3
Ohio	42,137	12,220	29.0	25,960	61.6
Ind.	30,147	8,140	27.0	19,323	64.1
Ill.	40,155	3,614	9.0	34,271	85.3
Mich.	17,812	5,878	33.0	10,279	57.7
Wis.	1,743	1,046	60.0	498	28.6
Minn.	32,069	4,169	13.0	24,959	77.8
Iowa	8,121	1,137	14.0	6,476	79.7
Mo.	31,707	6,341	20.0	23,199	73.2
N. Dak.	97,054	2,912	3.0	84,423	87.0
S. Dak.	26,221	1,835	7.0	21,148	80.7
Nebr.	34,821	2,437	7.0	29,053	83.4
Kans.	123,848	8,669	7.0	104,428	84.3
Del.	1,406	225	16.0	1,050	74.7
Md.	7,566	984	13.0	5,835	77.1
Va.	8,463	1,862	22.0	4,724	55.8
W. Va.	2,016	766	38.0	667	33.1
N. C.	6,132	1,410	23.0	2,884	47.0
S. C.	2,688	457	17.0	1,272	47.3
Ga.	1,880	282	15.0	891	47.4
Ky.	5,625	1,069	19.0	3,647	64.8
Tenn.	5,116	767	15.0	3,203	62.6
Ala.	75	15	20.0	41	54.7
Ark.	352	123	34.9	168	47.7
Okla.	56,332	5,070	9.0	47,619	84.5
Tex.	29,355	1,174	4.0	25,811	87.9
Mont.	56,070	2,804	5.0	49,929	89.0
Idaho	24,383	5,852	24.0	17,147	70.3
Wyo.	3,410	887	26.1	2,213	64.9
Colo.	13,560	2,034	15.0	10,276	75.8
N. Mex.	1,720	224	13.0	1,245	72.4
Ariz.	819	139	17.0	643	78.5
Utah	4,861	1,847	38.0	2,430	50.0
Nev.	483	266	55.1	192	39.8
Wash.	41,808	2,090	5.0	37,525	89.8
Ore.	17,184	1,890	11.0	14,339	83.4
Calif.	11,370	341	3.0	10,034	88.2
U. S.	816,698	100,408	12.9	643,373	78.8



In States of sizable wheat production through the Middle West and the East--such as Indiana, Illinois, Ohio, Missouri--the percentage of wheat marketed ranges from 60 to 80 percent. The table on the opposite page shows the amount of wheat fed and marketed in bushels and percentages, by States. The difference between the production and the amount of wheat fed and marketed in most cases can be considered the amount used for seed and other home use.

#### Wheat Disposals Planned

To relieve congested terminals and warehouses and to provide feed for increasing dairy, livestock, and poultry production, Government-owned wheat will be sold to farmers at prices comparable to those for corn. In addition the Department of Agriculture announced that wheat would be sold for the production of alcohol.

Under the feed wheat sales plan, farmers will be able to purchase wheat at the lower of (1) the 1941 wheat loan value at point of delivery, or (2) the Commodity Credit Corporation's sale price for corn per bushel at point of delivery. This program, which was announced in USDA Press Release #1545-42, will provide feed wheat and make additional space available for storing the 1942 wheat crop.

Wheat will be sold to processors of ethyl alcohol, acetone, and butyl alcohol at 91 cents per bushel delivered. Wheat can be substituted for corn with only minor adjustments in the processes used, and a slightly higher yield of alcohol may be obtained from the wheat. As was announced in USDA Press Release #1623-42, the program will reduce the quantity of corn needed for ethyl alcohol.





MARKETING QUOTA REGULATIONS

Previous background informational pieces have been released by the AAA Division of Information, outlining marketing quota regulations. For convenience, however, the following short summary is presented.

\*\*\*\*\*

The 1942 farm marketing quota for any farm shall be the amount of wheat produced less the smaller of (1) the normal production of the excess acreage or (2) the amount by which the actual production exceeds the normal production of the acreage allotment.

Therefore, whenever the producer can offer proof that the actual production on the farm was less than the normal production of the acreage allotment, he is entitled to a downward adjustment in the farm marketing excess.

Just as last year, marketing quotas will apply to all producers who have planted in excess of 15 acres of wheat, or whose normal production of the planted acreage is 200 bushels or more.

The penalty for excess wheat will be 50 percent of the basic loan rate offered to cooperators.

Wheat equaling the amount of the farm marketing excess may be stored under bond in order to avoid or postpone payment of the penalty, or if producer desires the wheat may be delivered to the Secretary of Agriculture in lieu of penalty and such wheat shall be diverted from the normal channels of trade and commerce.

Wheat stored to postpone penalty payments may be released free of penalty if (1) in the subsequent marketing year the acreage allotment is underseeded, in which case the amount released would be the product of the normal production times the underseeded acreage, or (2) if the actual production is less than the normal production of the farm wheat acreage allotment, in which case the amount released would be equal to the amount which the actual production fell below the normal production of the allotment.

From Ohio Agricultural Conservation Committee  
Columbus, Ohio  
April 23, 1942



EXHIBIT 100-10

1. The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, on the subject of the above-captioned matter.

2. The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, on the subject of the above-captioned matter.

3. The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, on the subject of the above-captioned matter.

4. The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, on the subject of the above-captioned matter.

5. The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, on the subject of the above-captioned matter.

6. The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, on the subject of the above-captioned matter.

7. The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, on the subject of the above-captioned matter.

8. The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, on the subject of the above-captioned matter.